

# TOGO

**Table 1** **2022**

Population, million	8.8
GDP, current US\$ billion	8.2
GDP per capita, current US\$	930.5
International poverty rate (\$2.15) <sup>a</sup>	28.4
Lower middle-income poverty rate (\$3.65) <sup>a</sup>	56.9
Upper middle-income poverty rate (\$6.85) <sup>a</sup>	84.0
Gini index <sup>a</sup>	42.5
School enrollment, primary (% gross) <sup>b</sup>	124.2
Life expectancy at birth, years <sup>b</sup>	61.6
Total GHG emissions (mtCO2e)	9.9

Source: WDI, Macro Poverty Outlook, and official data.

a/ Most recent value (2018), 2017 PPPs.

b/ Most recent WDI value (2021).

*Growth in Togo should benefit from strengthening consumer spending and private investment in 2023 and 2024 but is still projected to soften somewhat to 5.2 percent reflecting the impact of fiscal consolidation measures, tighter financing conditions, and soft external demand. It should accelerate again in 2025, supported by a more favorable international backdrop. Real income gains combined with moderating inflation should enable the poverty rate to decrease to 24.8 percent by 2025.*

## Key conditions and challenges

Since the COVID-19 pandemic in 2020, Togo has faced significant headwinds ranging from the fallout from Russia's invasion of Ukraine on energy and food prices, to slowing external demand, tighter financing conditions and regional instability. A sharp increase in public spending helped stabilize growth in the face of these shocks but vulnerable populations have been adversely impacted by the rising cost of living and fiscal space has been depleted. Large fiscal financing needs amid tightening borrowing conditions have encouraged authorities to frontload consolidation measures to bring the deficit back to 3 percent of GDP by 2025, while at the same time implementing an emergency program to address growing fragility risks in the Northern Savanes region. Rebuilding fiscal space while supporting priority investments and social spending are among the most pressing policy challenges facing the country.

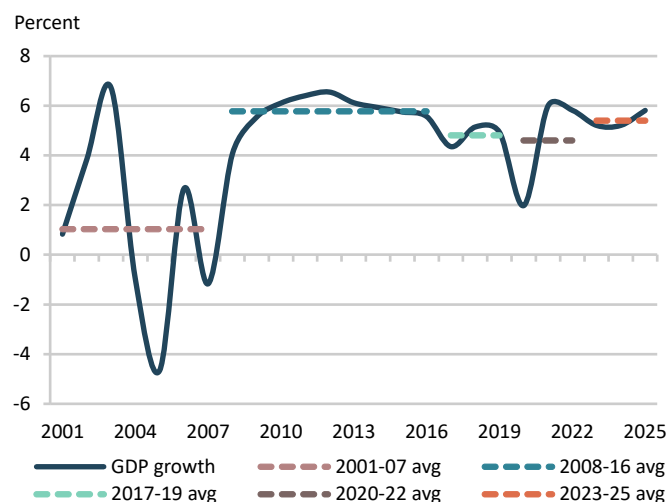
## Recent developments

Growth remained robust in 2023, at an estimated 5.2 percent, but moderated from 5.8 percent in 2022 as the government shifted from an expansionary fiscal policy stance to a more restrictive one. Slow execution of planned public investment so far this

year and additional spending cuts considered for the revised 2023 budget are expected to narrow the fiscal deficit to 5.8 percent of GDP, down from 8.3 percent in 2022. The dampening effect of fiscal consolidation measures on economic activity should be partially offset by a recovery in consumer spending supported by abating food and energy price inflation, while private investment is bolstered by improving business sentiment and ongoing infrastructure projects. On the external side, the trade deficit has been narrowing as export revenues outpaced imports so far this year, but the current account deficit is still expected to widen somewhat to reach 3.5 percent of GDP in 2023. At the sectoral level, industrial activity has shown signs of recovery from a weak start of the year, with positive contributions from the extractive, power, and manufacturing sectors. Regarding agriculture, meteorological conditions have been conducive to a relatively favorable crop harvest for the 2023/24 season. Real GDP per capita gains estimated at 2.8 percent in 2023, combined with consumer price inflation moderating from 7.6 percent in 2022 to 5.8 percent in 2023 should help the extreme poverty rate (US\$2.15/day) to decrease to 27.6 percent this year, its first decline since the onset of the COVID-19 pandemic in 2000.

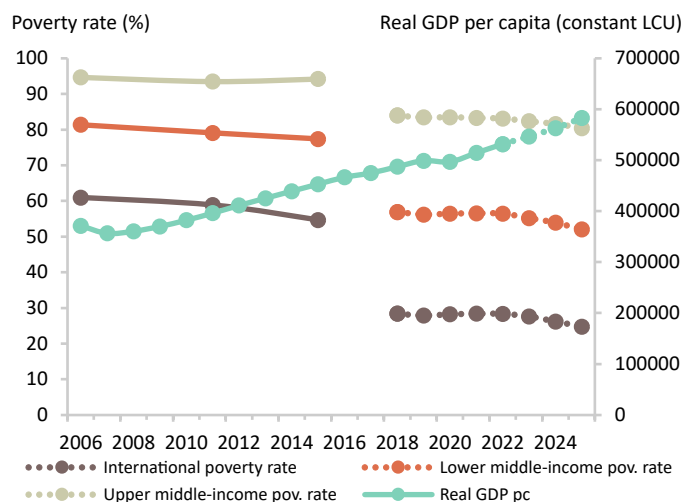
To counter inflationary pressures across WAEMU countries, the Central Bank of West African States (BCEAO) has raised policy interest rates by a cumulative 125 basis points since mid-2022 but the monetary policy stance remains broadly accommodative, while inflation is still above

**FIGURE 1 Togo / Real GDP growth**



Source: World Bank.

**FIGURE 2 Togo / Actual and projected poverty rates and real GDP per capita**



Source: World Bank. Notes: see Table 2.

target and foreign exchange reserves have been on a downward trend.

## Outlook

Growth in Togo is projected to stabilize at 5.2 percent in 2024, as additional fiscal consolidation measures are counterbalanced by a further acceleration in consumer spending and private investment. The former will benefit from receding inflationary pressures while the latter will be boosted by the Adétikope Industrial Park development and ongoing reforms in the agriculture, logistics, and trade sectors. Export growth should remain subdued in 2024 as key trading partners face mounting economic challenges, before recovering in 2025, in line with projected improvements in global demand. The

fiscal deficit is predicted to narrow to 3 percent of GDP by 2025, and the current account deficit to 2.7 percent of GDP. Under a realistic reform scenario, potential growth in the short to medium term could average 5.5 percent, while more substantial gains in private capital spending, agricultural productivity, female labor force participation, and human capital could lift it to 7 percent under the best-case scenario. The poverty rate is projected to decline to 24.8 percent in 2025, a substantial drop from an estimated 28.4 percent in 2022.

Uncertainty related to the evolution of global demand, energy, food prices, financing conditions, security risks, and climate change imply that the balance of risks to the outlook remains tilted to the downside. In particular, a sharper deterioration in regional debt markets could lead to financing risks given the high

rollover needs from domestic sovereign debt while growing regional insecurity could dampen economic prospects by reducing market access to important trading partners. Under an alternative scenario of persistent headwinds reflected in lower export growth (-2 percentage points below baseline projections in 2023-25), higher domestic inflation (+1 percentage point), and tighter financing conditions on regional debt markets (+150 basis points), growth would be expected to slow down to an average of 4.2 percent over the period 2023-25 (-1.2 percentage point below baseline projections) while the budget deficit would stay above 4.5 percent of GDP until 2025. In this scenario, the public debt-to-GDP ratio would only return below the estimated risk threshold for Togo by 2028 but the overall assessment regarding debt sustainability risks would not be fundamentally altered.

**TABLE 2** Togo / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2020	2021	2022	2023e	2024f	2025f
<b>Real GDP growth, at constant market prices</b>	2.0	6.0	5.8	5.2	5.2	5.8
Private consumption	-14.3	9.9	1.3	5.0	5.2	5.5
Government consumption	1.8	0.2	8.8	6.6	-5.9	2.1
Gross fixed capital investment	36.6	-0.2	26.4	5.5	12.2	9.0
Exports, goods and services	6.5	5.3	-1.1	4.2	4.3	6.8
Imports, goods and services	1.6	6.9	5.1	3.8	4.9	6.3
<b>Real GDP growth, at constant factor prices</b>	2.2	5.3	6.2	5.1	5.2	5.8
Agriculture	3.3	3.4	5.0	4.6	5.0	5.2
Industry	4.0	5.7	7.3	7.0	6.3	6.7
Services	1.1	5.9	6.2	4.4	4.9	5.7
<b>Inflation (consumer price index)</b>	1.8	4.5	7.5	5.8	3.8	3.0
<b>Current account balance (% of GDP)</b>	-0.3	-0.9	-3.0	-3.5	-3.4	-2.7
<b>Net foreign direct investment inflow (% of GDP)</b>	0.7	0.3	0.3	0.4	0.4	0.4
<b>Fiscal balance (% of GDP)</b>	-7.0	-4.7	-8.3	-5.8	-4.1	-3.0
<b>Revenues (% of GDP)</b>	16.6	17.1	17.6	17.2	16.5	16.2
<b>Debt (% of GDP)</b>	60.1	63.0	65.8	66.3	65.9	65.0
<b>Primary balance (% of GDP)</b>	-4.7	-2.5	-5.9	-3.4	-1.7	-0.7
<b>International poverty rate (\$2.15 in 2017 PPP)<sup>a,b</sup></b>	28.2	28.4	28.4	27.6	26.2	24.8
<b>Lower middle-income poverty rate (\$3.65 in 2017 PPP)<sup>a,b</sup></b>	56.4	56.5	56.4	55.2	53.9	52.0
<b>Upper middle-income poverty rate (\$6.85 in 2017 PPP)<sup>a,b</sup></b>	83.5	83.3	83.1	82.4	81.6	80.5
<b>GHG emissions growth (mtCO<sub>2</sub>e)</b>	1.8	6.4	5.4	2.9	4.0	4.5
<b>Energy related GHG emissions (% of total)</b>	22.9	25.7	26.9	26.4	26.3	26.5

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.

Notes: e = estimate, f = forecast.

a/ Calculations based on 2018-EHCVM. Actual data: 2018. Nowcast: 2019-2022. Forecasts are from 2023 to 2025.

b/ Projections using microsimulation methodology.